

Message Text

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PAGE 01 STATE 109654

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ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-07 COME-00 TRSE-00 OPIC-06

CIAE-00 INR-07 NSAE-00 PRS-01 /036 R

66607

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EB/IFD/ODF:RASWART

ARA/LA:YSLATTERY (INFO)

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R 101622Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANEIRO

UNCLAS STATE 109654

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO MINERACAO RIO DO NORTE S.A.

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 9.9 MILLION TO MINERACAO RIO DO NORTE S.A. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPERS, WEDNESDAY, MAY 21, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 9.9 MILLION SUPPORTS DOLS 22 MILLION SALE OF US EQUIPMENT FOR BAUXITE PROJECT IN BRAZIL

TO HELP FINANCE A DOLS 22 MILLION SALE OF US GOODS AND SERVICES REQUIRED IN CONNECTION WITH THE EXPLOITATION OF BAUXITE DEPOSITS IN BRAZIL, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS AUTHORIZED A DIRECT CREDIT OF DOLS 9.9 MILLION TO FINANCE 45 PERCENT OF THE TOTAL US COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF DOLS 9.9 MILLION FROM IRVING TRUST COMPANY, NEW YORK, WILL FINANCE ANOTHER 45 PERCENT.

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PAGE 02 STATE 109654

THE OBLIGOR, MINERACAO RIO DO NORTE S.A., OF RIO DE JANEIRO,

WILL MAKE CASH PAYMENT OF THE BALANCE OF THE TOTAL US COSTS OF
10 034:3,5 94 \$9) 2.2 MILLION.

THE PROJECT IS FOR EXPLOITATION OF THE TROMBETAS BAUXITE DEPOSITS
LOCATED IN THE STATE OF PARA, NEAR THE TROMBETAS RIVER. THE
BAUXITE WOULD EVENTUALLY BE EXPORTED AND SUCH EXPORT WOULD HAVE
A FAVORABLE IMPACT ON THE US ALUMINUM INDUSTRY AS AN ALTERNATIVE
SOURCE OF BAUXITE.

US PURCHASES INCLUDE MOBIL CRANES, ORE FEEDER, HAMMER MILL
CRUSHER, SCRUBBERS, DRAGLINES, BACK HOE EXCAVATORS, EARTH MOVING
EQUIPMENT, TRUCKS, ROTARY CAR DUMPER, BAUXITE DRYER COMPONENTS,
MACHINE SHOP EQUIPMENT, MOBILE DRILLS, CYCLONES, PUMPS, DIESEL
GENERATOR, CUMMUNICATIONS EQUIPMENT, SHIPLOADER, LOCOMOTIVES,
AIRPLANE, ELECTRIC MOTORS, AND SWITCH GEAR, AND SERVICES.
US SUPPLIERS HAVE NOT YET BEEN SELECTED.

THE LOANS ARE TO BE REPAID IN 20 SEMIANNUAL INSTALLMENTS BEGINNING
SEPTEMBER 30, 1978. INTEREST ON EXIMBANK'S CREDIT OF DOLS 9.9
MILLION WILL BE AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN
BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS
IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT
RATES OF ABOUT 9 PERCENT TO 9.25 PERCENT PER ANNUM. REPAYMENT IS TO
BE GUARANTEED BY THE SHAREHOLDERS OF THE BORROWER. UNQUOTE
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE109654
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:AMOHANIAN
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750165-0066
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750562/aaaacejn.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUL 2003 by maginmm>; APPROVED <21 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS RELEASE ON EXIMBANK CREDIT TO MINERACAO RIO DO NORTE S.A.
TAGS: APUB, BR
To: BRASILIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006